

PUBLIC DISCLOSURE

August 23, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Citizens Bank
RSSD# 186744

2601 4th Street
Mason City, Iowa 50401

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S RATING

First Citizens Bank is rated: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

First Citizens Bank is meeting the credit needs of its community based on an analysis of lending and community development activities. The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans are originated in the bank's assessment areas. The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. Neither First Citizens Bank nor this Reserve Bank have received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

The bank's community development performance demonstrates adequate responsiveness to the needs of its assessment areas through community development loans, qualified investments, and community development services. This performance is appropriate considering the bank's capacity, need and availability of such opportunities for community development in the bank's assessment areas.

SCOPE OF EXAMINATION

First Citizens Bank's CRA performance was evaluated using the Intermediate Small Institution Examination Procedures issued by the Federal Financial Institutions Examinations Council (FFIEC). The CRA performance was evaluated in the context of information about the institution and its assessment area including asset size, financial condition, competition and economic and demographic characteristics.

The bank has delineated two assessment areas, Non-Metropolitan Statistical Area (MSA) Iowa and Non-MSA Minnesota. The evaluation consisted of two full-scope reviews based on deposit market share; branch concentration; volume of home mortgage lending; small business and small farm lending and an evaluation of the needs of assessment area communities. The Non-MSA Iowa assessment area received more weight due to the bank's branch concentration, volume of home mortgage lending, small business and small farm lending, and community credit needs. Additionally, small business loans were weighted more heavily in the analysis as commercial lending represents the largest percentage of total loans at 57.4 percent as of June 30, 2021. The bank's level of community development activities was also evaluated.

Performance within the designated assessment areas was evaluated using Intermediate Small Bank examination procedures based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – An 8-quarter average loan-to-deposit ratio from September 30, 2019 to June 30, 2021 was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – Samples of the bank’s home mortgage, small business, and small farm loans originated from January 1, 2020 – December 31, 2020 were reviewed to determine the percentage of loans originated within the assessment areas.
- ***Geographic Distribution of Lending in the Assessment Area*** – Samples of the bank’s home mortgage, small business, and small farm loans originated within the assessment areas, from January 1, 2020 – December 31, 2020, were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as low- and moderate-income.
- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – Samples of the bank’s home mortgage, small business, and small farm loans originated within the assessment areas, from January 1, 2020 – December 31, 2020, were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Complaints were reviewed to determine if any were related to the bank’s record of helping to meet community credit needs and its responses to any received were evaluated for appropriateness.
- ***Community Development Activities*** – The bank’s responsiveness to community development needs through community development loans, qualified investments and donations, and community development services, from July 23, 2019 – August 23, 2021, were reviewed considering the capacity, need, and availability of such opportunities within the assessment areas.

In addition, four community representatives were contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area. Organizations focusing on economic development and affordable housing were contacted. Representative shared information specifically about economic development and housing conditions.

DESCRIPTION OF ASSESSMENT AREAS

First Citizens Bank (FCB) is an interstate institution with two designated assessment areas, the Non-MSA Iowa (Non-MSA IA) assessment area serves the north central portion of Iowa that borders Minnesota and the Non-MSA Minnesota (Non-MSA MN) assessment area serves a portion of central Minnesota north of Minneapolis. The Non-MSA IA assessment area delineates Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Howard, Mitchell, Worth and Wright Counties in their entirety. Additionally, First Citizens Bank takes two census tracts (701.00 and 703.00) located in contiguous Butler County, Iowa. The Non-MSA IA assessment area contains a total of 43 census tracts consisting of two moderate-, 39 middle-, and two upper-income tracts. According to the FFIEC, Butler County is designated as underserved due to its remote rural location.

The bank's Non-MSA MN assessment area delineates Kanabec County in its entirety as well as a portion of contiguous Isanti and Pine Counties. The bank's takes three tracts (9505.00, 9507.00, and 9508.00) in Pine County, and four tracts (1301.00, 1302.00, 1303.01 and 1303.02) in Isanti County. The assessment area contains five moderate-income census tracts and six middle-income geographies. Kanabec is also composed of five census tracts, three of which are considered distressed due to employment loss.

DESCRIPTION OF INSTITUTION

First Citizens Bank (FCB) is a wholly owned subsidiary of First Citizens Financial Corporation, a one-bank holding company, with both the holding company and main headquarters located in Mason City, Iowa. The bank maintains a branch presence in both Iowa and Minnesota, and assets totaling \$1.56 billion as of June 30, 2021 according to the Uniform Bank Performance Report (UBPR). First Citizens Bank operates eight full-service branch locations, seven branches are located within the Non-MSA IA assessment area and one branch is in Mora, Minnesota and is part of the Non-MSA MN assessment area. Since the previous evaluation, the bank closed a branch office on February 26, 2021, in a middle-income census tract in the town of Latimer, IA located in Franklin County. Additionally, the bank operates two full-service automated teller machines (ATMs) and eight cash-only ATMs throughout north central Iowa and Mora, Minnesota.

The bank offers a variety of lending products including commercial loans, agricultural loans, residential real estate loans, and consumer loans. FCB is primarily a commercial and agricultural lender, as these categories represent 57.4 and 27.0 percent of the loan portfolio, as of June 30, 2021 respectively. Furthermore, the bank offers standard, non-complex deposit and savings products including checking, savings and business/commercial checking and savings accounts.

Details of the allocation of the bank's loan portfolio are provided in the following table.

Composition of Loan Portfolio as of June 30, 2021 (000's)		
Loan Type	\$	%
Commercial Residential Real Estate	\$546,340	57.4
Agriculture Commercial	\$256,547	27.0
Residential Real Estate Agriculture	\$112,983	11.9
Consumer	\$16,976	1.8
Other	\$18,999	2.0
Total	\$951,845	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated **satisfactory** under the CRA at its previous evaluation conducted on July 22, 2019.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

First Citizens Bank's performance relative to the lending test is **Satisfactory**. The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A majority of loans and other lending-related activities are in the assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. In addition, loan distribution reflects reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Loan-to-Deposit Ratio

The bank had a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, the credit needs of its assessment areas, and taking into account, as appropriate, other lending-related activities such community development loans and qualified investments. As of June 30, 2021, the bank's LTD ratio averaged 77.5 percent over the nine-month period. Overall, the bank's LTD ratio was comparable to many of its local competitors over the same 8-quarter period.

The following table compares the bank's LTD ratio to its local competitors.

Comparative Loan-to-Deposit Ratios as of June 30, 2021	
Comparative Data	9 - Quarter Average (%)
First Citizens Bank – Mason City, IA	77.5
Competitor Avg	81.3
Competitors	
Clear Lake Bank & Trust Company	79.6
CUSB Bank	86.3
First Security Bank & Trust Company	70.8
Lincoln Savings Bank	92.8
Neighborhood National Bank	69.6
Northview Bank	76.7
NSB Bank	93.1

Assessment Area Concentration

During the evaluation period, First Citizens Bank originated a majority of loans within their delineated assessment areas. Among the three product lines reviewed, the bank originated 86.2 percent, by number within the assessment areas and 87.2 percent by dollar volume. The percentage of home mortgage loans, small business, and small farm originations within the assessment areas indicates responsiveness to assessment area credit needs.

The following table summarizes FCB's lending inside and outside its assessment areas for home mortgage loans, small business, and small farm loans from January 1, 2020 to December 31, 2020.

Inside and Outside the Assessment Area (2020)								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential Loans	148	87.1	31,649	89.7	22	12.9	3,620	10.3
Small Business Loans	119	85.0	8,865	77.0	21	15.0	2,649	23.0
Small Farm Loans	114	86.4	34,026	87.9	18	13.6	4,693	12.1
Total Loans	381	86.2	74,540	87.2	61	13.8	10,962	12.8
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>								

Geographic and Borrower Distribution

The bank demonstrated a reasonable geographic distribution of loans given its assessment areas. The bank's distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes is reasonable given the demographics of the bank's assessment areas. The specifics of the bank's lending in each assessment area and relevant demographics are discussed in the individual assessment area sections.

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance relative to the community development test is Satisfactory. The bank's community development performance demonstrates adequate responsiveness to the needs of the assessment areas through community development loans, qualified investments and donations, and community development services activities, as appropriate, considering the bank's capacity and the availability of such opportunities for community development in the bank's assessment areas.

Lending, Investment, and Services Activities

First Citizens Bank demonstrates adequate responsiveness to the community development needs of its assessment areas through the provision of community development loans, qualified investments, and community development services.

During the evaluation period, First Citizens Bank originated 21 qualified loans with a total of \$27.8 million toward community services, affordable housing, and economic development activities within its combined assessment areas. Community development lending increased by dollar volume since the previous evaluation where the bank made 47 qualified loans totaling \$27.3 million in a 36-month period compared to the current 25-month evaluation period. At this examination the loans were larger but funded fewer organizations. However, the loan proceeds produced more activities that revitalize and stabilize low- or moderate-income, or distressed or underserved geographies. Additional details of community development lending performance can be found in the individual assessment area discussions.

First Citizens Bank maintains a foundation to support activities in both Iowa and Minnesota. By mission, it gives priority to activities and organizations that qualify as having a community development purpose consistent with Regulation BB. The foundation has contributed to the rating for each state served by First Citizens Bank given its stated mission. At the beginning of the review period, the foundation had a prior period principal balance of \$1,552,784. Activity during this review period included the addition of \$540,000 to the principal balance of the foundation and disbursements of \$853,860. The balance of the Foundation at the close of this review period is \$1,238,924¹.

¹ This amount does not include \$394,300 in interest and dividends reinvested in the Foundation based on the investments made with the principal to fund the Foundation's activities.

During the review period, First Citizens Bank disbursed \$853,860 in total donations from the Foundation, qualified donations with a community development purpose represent 52.9 percent of this activity, totaling \$451,405. The qualified activities benefited Iowa communities exclusively; while there were donations provided to Minnesota-based charities they did not qualify as community development during this review period. During the evaluation period, there were three new investments for the Non-MSA MN assessment area totaling \$540,835, and current period dollars committed, but not yet disbursed, of \$959,165 resulting in total review period qualified investments of \$1.5 million. Qualified investments were for the community development purposes of community services for the Non-MSA IA assessment area and affordable housing for the Non-MSA MN assessment area.

Donations for community development purposes totaled 68 donations for \$482,905 in 25-month period. This is an increase by dollar amount from 73 donations totaling \$191,859 in 36-month period at the previous evaluation. The bank provided contributions to organizations which support affordable housing and community services tailored to meet the needs of low- and moderate-income individuals and households in the bank's assessment areas.

During the evaluation period bank staff provided 890 hours of community development services with an affordable housing and community service focus. Benefitting from these services were organizations that received financial planning or resource allocation services as well as programs that serve low- and moderate-income individuals throughout the assessment areas. Bank employees served as board members or committee members for several of these organizations. During the prior evaluation the bank's qualified community development service hours totaled 4,467. Additional information with respect to the bank's community development services is found within the full-review assessment area sections.

Community Development Activities June 23, 2019 – August 23, 2021								
Assessment Area	Loans		Investments		Donations		Services	
	#	\$	#	\$	#	\$	#	Hours
First Citizens Bank - Enterprise wide	0	0	1	1,238,924	0	0	0	0
Iowa Non-MSA	11	16,266,638	0	0	62	451,405	111	784
Minnesota Non-MSA	10	11,517,485	3	1,500,000	6	31,500	43	106
Total Qualified	21	27,784,123	4	2,738,924	68	482,905	154	890

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF IOWA

CRA RATING FOR THE STATE OF IOWA²

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The bank's rating for the state of Iowa is Satisfactory. The bank's state of Iowa rating is based on the institution's performance in the Non-MSA IA assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes. The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development qualified loans, investments and donations, and services. The bank engaged in community development activities that revitalize and stabilize certain geographies and affordable housing and provide community services tailored to meet the needs of low- and moderate-income individuals and families.

The bank's investment and service activities were limited during this review period; however, the lending activities were sufficiently responsive to support a Satisfactory rating. External factors also affected the ability of the bank to identify and respond to community development opportunities in the assessment area during this review period. The nationwide response to the COVID-19 pandemic affected the bank's communities and its ability to interact with its community members to the extent it had during the previous review period.

SCOPE OF EXAMINATION

The scope of the review for the state of Iowa is consistent with the overall scope presented in the Scope of Examination section of the performance evaluation. This evaluation includes a full-scope review of the bank's single Non-MSA IA assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IOWA

The bank operates one assessment area in Iowa, which consists of the following non-MSA counties, Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Howard, Mitchell, Worth, and Wright Counties in their entirety, and two census tracts (701.00 and 703.00) in Butler County.

The Non-MSA IA assessment area is comprised of 43 census tracts consisting of two moderate-, 39 middle-, and two upper-income tracts. The bank's main office, a branch and three ATMs, are

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

located in Mason City, Iowa. The bank also operates branches in Charles City, Clarion, Kanawha, New Hampton, and Osage, Iowa, with ATMs at each branch. Charles City also has an additional cash-only ATM, and Clarion has one additional cash-only ATM. On February 26, 2021, the bank closed a branch in a middle-income tract in the town of Latimer, Iowa located in Franklin County.

Please refer to the individual assessment area summary for additional details regarding the bank's operations, as well as demographic and economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE STATE OF IOWA

LENDING TEST

First Citizens Bank's performance relative to the lending test in Iowa is **satisfactory**. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Geographic and Borrower Distribution

The geographic distribution of home mortgage, small business, and small farm loans reflects reasonable dispersion throughout the assessment area in the state of Iowa. In addition, the distribution of lending reflects reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses and farms of different sizes as supported by a review of the home mortgage, small business, and small farm loans.

COMMUNITY DEVELOPMENT TEST

Lending, Investments, and Services Activities

First Citizens Bank's community development activities are **satisfactory**. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and donations, and community development services. The bank's conclusions regarding lending, investment, and service activities within the state of Iowa are based upon the analysis of the Non-MSA IA assessment area. Please refer to the individual assessment area summary for support of the overall rating.

NON-MSA IOWA – FULL REVIEW

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Non-MSA IA assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN IOWA

The bank's Non-MSA IA assessment area is comprised of the following counties: Cerro Gordo, Chickasaw, Floyd, Franklin, Hancock, Howard, Mitchell, Worth, and Wright Counties in their entirety, and two census tracts (701.00 and 703.00) in Butler County. There have been no changes to this assessment area since the previous evaluation. The bank's main office, a branch and three ATMs, are located in Mason City, Iowa. The bank also operates branches in Charles City, Clarion, Kanawha, New Hampton, and Osage, Iowa, with ATMs at each branch. Charles City also has an additional cash-only ATM, and Clarion has one additional cash-only ATM. On February 26, 2021, the bank closed a branch in a middle-income tract in the town of Latimer, Iowa, located in Franklin County.

The Non-MSA IA assessment area is comprised of 43 census tracts consisting of two moderate-, 39 middle-, and two upper-income census tracts. Both census tracts in Butler County are considered underserved-middle income, due to their remote location, as designated by the FFIEC. The assessment area is unchanged since the previous evaluation.

The June 30, 2020 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report ranks First Citizens Bank first out of 34 FDIC-insured depository institutions operating in the bank's assessment area. The bank has a strong presence in the market with 18.8 percent of the market's deposits, which is substantially more than Clear Lake Bank and Trust Company and First Security Bank and Trust Company, who have the second and third most market share, with 8.8 percent and 8.5 percent, respectively. For reference, the 34 total FDIC-insured depository institutions operating in the assessment area maintain a total of 91 branch offices, eight of which belong to First Citizens Bank.

Assessment Area: 2020 IA Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	7,208	18.7	
Moderate-income	2	4.7	1,898	4.9	238	12.5	7,545	19.6	
Middle-income	39	90.7	35,067	90.9	2,781	7.9	9,189	23.8	
Upper-income	2	4.7	1,597	4.1	21	1.3	14,620	37.9	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	43	100.0	38,562	100.0	3,040	7.9	38,562	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	4,040	1,953	4.3	48.3	1,759	43.5	328	8.1	
Middle-income	60,498	41,539	91.8	68.7	12,574	20.8	6,385	10.6	
Upper-income	3,054	1,742	3.9	57.0	515	16.9	797	26.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	67,592	45,234	100.0	66.9	14,848	22.0	7,510	11.1	
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	479	6.4	426	6.4	48	8.1	5	3.8	
Middle-income	6,735	90.7	6,071	90.6	538	90.6	126	94.7	
Upper-income	215	2.9	205	3.1	8	1.3	2	1.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	7,429	100.0	6,702	100.0	594	100.0	133	100.0	
	Percentage of Total Businesses:			90.2			8.0		
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	7	0.4	7	0.4	0	0.0	0	0.0	
Middle-income	1,775	96.8	1,756	96.7	15	100.0	4	100.0	
Upper-income	52	2.8	52	2.9	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	1,834	100.0	1,815	100.0	15	100.0	4	100.0	
	Percentage of Total Farms:			99.0			0.8		
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Population Characteristics

The table below presents the population trends for the assessment area, individual counties, and the state of Iowa from 2010 to 2015. According to the U.S. Census Bureau demographic data, the assessment area's population is 140,350, a decrease of 1.3 percent from 2010, compared to the state of Iowa's population increase of 1.5 percent. Of the individual counties in the assessment area, nine experienced a decrease in total population, the only population increase was exhibited in Butler County, increasing by 0.7 percent during the period. Hancock and Wright Counties experienced the largest decline in population of the assessment area counties, both experiencing a decrease of 2.2 percent. Cerro Gordo County is the largest county in the assessment area and accounts for 31.0 percent of the entire assessment area.

Population Change 2010 and 2011-2015			
Area	2010 Population	2011 – 2015 Population	Percentage Change
Assessment Area	142,168	140,350	-1.3
Butler County	14,867	14,966	0.7
Cerro Gordo County	44,151	43,481	-1.5
Chickasaw County	12,439	12,244	-1.6
Floyd County	16,303	16,050	-1.6
Franklin County	10,680	10,489	-1.8
Hancock County	11,341	11,092	-2.2
Howard County	9,566	9,494	-0.8
Mitchell County	10,776	10,762	-0.1
Worth County	7,598	7,563	-0.5
Wright County	13,229	12,936	-2.2
State of Iowa	3,046,355	3,093,526	1.5
Source: 2000—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 38,562 families, of which 18.7 percent are designated as low-, 19.6 percent are moderate-, 23.8 percent are middle-, and 37.9 percent are upper-income. This is comparable to the state of Iowa figures, with 19.3 percent designated as low-, 18.3 percent moderate-, 23.3 percent middle-, and 39.0 percent upper-income. Only 7.9 percent of families residing within the assessment area live below the poverty line, slightly below the state of Iowa poverty rate of 8.1 percent.

The following table compares the median family income for the assessment area and the state of Iowa. According to the U.S. Census Bureau, median family income (MFI) in the assessment area increased 8.9 percent from 2010, which is comparable to the state of Iowa increase of 9.2 percent. At \$61,358, the MFI for the assessment area is below the MFI figure for the state of Iowa at \$67,466. Further, MFI increased in all counties in the assessment area. Among the individual counties,

Hancock County had the largest MFI at \$64,403, and second largest percentage increase at 15.2 percent. Chickasaw County experienced the greatest increase in MFI at 21.7 percent, while Mitchell County experienced the smallest percentage increase in MFI at 1.1 percent.

The table below presents MFI changes between 2006-2010 and 2011-2015 in the assessment area and the state of Iowa.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change
Assessment Area	56,319	61,358	8.9
Butler County, Iowa	59,641	63,710	6.8
Cerro Gordo County, Iowa	60,148	63,408	5.4
Chickasaw County, Iowa	50,530	61,472	21.7
Floyd County, Iowa	52,808	56,004	6.1
Franklin County, Iowa	52,917	58,636	10.8
Hancock County, Iowa	55,922	64,403	15.2
Howard County, Iowa	55,582	61,172	10.1
Mitchell County, Iowa	63,356	64,078	1.1
Worth County, Iowa	56,659	61,265	8.1
Wright County, Iowa	53,890	59,263	10.0
State of Iowa	61,804	67,466	9.2
Source: 2006-2010— U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey			

Bankruptcy Characteristics

According to data from the Administrative Office of the U.S. Courts, personal bankruptcy filing rates have remained stable from 2016 through 2017, experiencing slight fluctuations in 2018. In 2019, a majority of counties within the assessment area experienced a decrease in bankruptcy rates. The bankruptcy filing rates in the assessment area have been historically lower than the state of Iowa. Mitchell County generally experienced a lower filing rate, which was 0.1 in 2019 (per 1,000 population). In 2019, the rate in Worth County (1.6) was more aligned with the state of Iowa (1.5) per 1,000 population, which was the largest increase in rate among the counties. Overall, the state of Iowa as a whole had personal bankruptcy filing rates relatively higher than all counties from 2016 –2019.

Please see the table below for more detail on personal bankruptcy filing rates.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2016	2017	2018	2019
Butler County	0.5	0.5	1.3	0.9
Cerro Gordo County	0.9	0.7	1.1	0.6
Chickasaw County	0.9	0.5	0.6	0.5
Floyd County	0.9	0.8	1.1	0.9
Franklin County	0.8	0.9	0.5	0.5
Hancock County	0.5	0.3	1.1	0.5
Howard County	1.1	0.2	0.8	0.4
Mitchell County	0.9	0.8	0.8	0.1
Worth County	0.7	0.5	0.5	1.6
Wright County	0.6	1.7	0.5	0.8
State of Iowa	1.3	1.3	1.4	1.5
<i>Source: 2015 – Administrative Office of the U.S. Courts</i>				

Housing Characteristics

There are a total of 67,592 housing units in the assessment area. The majority of housing units are owner-occupied at 66.9 percent, while 22.0 percent are rental units. Within the assessment area, 11.1 percent of housing units are vacant, which is greater than the state of Iowa at 8.7 percent.

The following table presents recent trends in housing values and costs within the assessment area and the state of Iowa. According to the U.S. Census Bureau, the assessment area had a median housing value of \$99,697 and median gross rent value of \$579. Median housing values in the assessment area increased 6.6 percent, while median gross rents increased 14.7 percent from 2010. During the same period, the state of Iowa had a median housing value of \$129,200 and median gross rent value of \$697. The state of Iowa experienced an increase in median housing value of 8.4 percent, and an increase in median gross rent of 13.0 percent from 2010.

The median housing values within the assessment area counties have increased; however, they remain lower than the state of Iowa. A community representative indicated rents have increased in the county due to limited housing stock in general and the consistency of employment opportunities drawing new residents to the area.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 U.S. Census Bureau American Community Survey data, the affordability ratio for the assessment area is 0.48, as compared to the state of Iowa's ratio of 0.41. The ratios indicate that housing in the assessment area is more affordable when compared to the state. Of the geographies within the bank's assessment area, Wright County is the most

affordable (0.60), while Cerro Gordo County is the least affordable (0.40). According to a community representative, housing costs have remained stable. However, the pandemic revealed a need for increased access to affordable housing. Additionally, in response to the pandemic housing rehabilitations are in high demand but face significant challenges due to a shortage in supplies and contractors.

The table below presents trends in housing values and costs between 2006-2010 and 2011-2015 in the assessment area and the state of Iowa.

Trends in Housing Costs 2006-2010 and 2011-2015							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2006-2010 (\$)	2011-2015 (\$)	Percent Change	2006- 2010 (\$)	2011- 2015 (\$)	Percent Change	
							2011-2015
Assessment Area	93,544	99,697	6.6	505	579	14.7	0.48
Butler County, IA	90,900	107,400	18.2	537	566	5.4	0.49
Cerro Gordo County, IA	107,900	115,200	6.8	565	617	9.2	0.40
Chickasaw County, IA	93,800	103,400	10.2	468	556	18.8	0.45
Floyd County, IA	89,200	98,200	10.1	425	556	30.8	0.46
Franklin County, IA	82,500	85,900	4.1	479	574	19.8	0.57
Hancock County, IA	81,200	91,600	12.8	500	551	10.2	0.58
Howard County, IA	90,300	94,600	4.8	517	605	17.0	0.53
Mitchell County, IA	99,200	108,700	9.6	461	535	16.1	0.46
Worth County, IA	95,200	96,400	1.3	516	523	1.4	0.50
Wright County, IA	72,700	73,400	1.0	457	568	24.3	0.60
State of Iowa	119,200	129,200	8.4	617	697	13.0	0.41
Source: 2006-2010 — U.S. Census Bureau: American Community Survey 2011-2015 — U.S. Census Bureau: American Community Survey							

Foreclosure Inventory Rates

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. Overall, foreclosure inventory rates in the state and assessment area counties have declined since the 2010. As of September 2019, the state of Iowa's foreclosure inventory rate was 0.6 percent which is comparable to the foreclosure inventory rates of Cerro Gordo and Hancock, and Howard counties at 0.1 and 0.5 percent, respectively. However, Floyd County had the highest rate at 2.1 percent. Ultimately, the lower percentage of properties in the process of foreclosure indicates housing sector improvements within the assessment area and state of Iowa.

Employment Characteristics

The table below presents the unemployment trends for the counties in the assessment area and the state of Iowa from 2016 to 2019. Unemployment rates fluctuated across all counties but are generally aligned and experienced declines from 2016 to 2019. As of 2019, Floyd County maintained the highest unemployment rate at 3.6 percent while Mitchell County was the lowest at 1.7 percent. Comparatively, the state of Iowa experienced an unemployment rate of 2.7 percent in 2019, which continues to decline with the counties in the assessment area. Community representatives noted, as a result of the pandemic the assessment area has experienced significant small business closures. In addition, the manufacturing industry has experienced a slowdown in business which has resulted in recent layoffs and downsizing. However, small businesses are beginning to recover from the pandemic. Employers are consistently looking for workers to fill positions.

Unemployment Rates				
Area	2016	2017	2018	2019
Butler County	4.4%	3.6%	2.7%	3.2%
Cerro Gordo County	3.7%	3.0%	2.6%	2.7%
Chickasaw County	4.5%	3.2%	2.7%	2.9%
Floyd County	3.7%	3.2%	2.7%	3.6%
Franklin County	3.5%	2.7%	2.1%	2.3%
Hancock County	2.7%	2.6%	2.3%	2.4%
Howard County	3.7%	3.0%	2.5%	2.8%
Mitchell County	2.7%	2.1%	1.9%	1.7%
Worth County	3.5%	3.0%	2.7%	2.8%
Wright County	4.2%	3.4%	2.6%	2.6%
State of Iowa	3.7%	3.1%	2.5%	2.7%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)				

Community Representatives

Two community representatives were interviewed to gain a perspective of the economic conditions, affordable housing options, and relevant credit needs of the area. One representative indicated the county was experiencing an economic downturn because of the COVID-19 pandemic. Representatives discussed the housing affordability issues in the area and the need for a greater supply of housing stock, both affordable rental units and single-family homes. In addition, newer workers are unable to reside in the community due to a lack of housing and rising rents are exceeding the wages for workers who do not possess a specialized or technical skill. Overall, the contact stated opportunities exist for financial institutions to support economic development and affordable housing projects in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA IOWA

LENDING TEST

Geographic Distribution of Loans

The bank demonstrates reasonable geographic distribution of loans given the bank's assessment area. The Non-MSA IA assessment area is comprised of 43 census tracts including two designated as moderate-income, 39 middle-income, and two upper-income census tracts. An analysis of the geographic distribution was conducted to determine the dispersion of loans among the census tracts within the assessment area. In 2020, the bank made residential real estate, small business and small farm loans in all moderate-income census tracts. The bank's assessment area does not consist of any low-income census tracts. Based upon this analysis, it appears there are no conspicuous geographic lending gaps.

A detailed discussion of home mortgage, small business, and small farm lending is discussed in more detail below.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The sample of 2020 lending includes 138 home mortgage loans in the assessment area. The bank's lending performance in the moderate-income census tracts at 6.5 percent by number, was slightly higher than the 4.3 percent of owner-occupied units. In comparison, lending in the middle-income census tracts at 84.8 percent by number, was below the demographic figure at 91.8 percent. Lending in the upper-income census tracts at 8.7 percent by number was above the percentage of owner-occupied units of 3.9 percent. The following table illustrates the bank's home mortgage lending activity across all income tracts in the review period.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2020 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2020				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	9	6.5	974	3.4	4.3
	Middle	117	84.8	25,656	90.3	91.8
	Upper	12	8.7	1,796	6.3	3.9
	Unknown	0	0.0	0	0.0	0.0
	Total	138	100.0	28,426	100.0	100.0
2020 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Business Loans

The geographic distribution of small business loans reflects a reasonable dispersion throughout the assessment area. In 2020, the bank's lending volume in moderate-income census tracts of 5.1 percent is comparable to the percentage of total businesses located in moderate-income census tracts at 6.6 percent. A large majority (92.9 percent) of the bank's small business loans were originated in middle-income census tracts, which was comparable to the percentage of total businesses located in those geographies at 90.7 percent. The bank originated 2.0 percent of its small business loans in upper-income census tracts, comparable to the percentage of total businesses located in those geographies at 2.9 percent. The following table illustrates the bank's small business lending activity across all income census tracts.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2020				Total Businesses
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	5	5.1	340	4.4	6.4
	Middle	91	92.9	7,274	94.5	90.7
	Upper	2	2.0	81	1.1	2.9
	Unknown	0	0.0	0	0.0	0.0
	Total	98	100.0	7,695	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Farm Loans

The geographic distribution of small farm loans reflects reasonable dispersion throughout the assessment area. In 2020, the bank's lending volume in moderate-income census tracts of 1.8 percent is above the percentage of total farms located in moderate-income census tracts at 0.4 percent. A large majority (94.6 percent) of the bank's small farm loans were originated in middle-income census tracts, which was comparable to the percentage of total farms located in those geographies at 96.8 percent. The bank originated 3.6 percent of its small farm loans in upper-income census tracts, which is slightly above the percentage of total farms located in those geographies at 2.8 percent. The following table illustrates the bank's small business lending activity across all income census tracts.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2020				Total Farms
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	2	1.8	600	1.8	0.4
	Middle	105	94.6	31,773	95.0	96.8
	Upper	4	3.6	1,076	3.2	2.8
	Unknown	0	0.0	0	0.0	0.0
	Total	111	100.0	33,449	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

The bank demonstrates a reasonable distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses and farms of different sizes that is reasonable given the demographics of the bank's assessment areas.

Home Mortgage Loans

The borrower distribution of home mortgage loans reflects a reasonable penetration among individuals of different income levels. In 2020, the bank's lending to low-income borrowers of 8.7 percent by number was significantly below the demographic figure of families by family income at 18.7 percent. The bank's lending to borrowers of moderate-income at 28.3 percent was significantly above the percentage of moderate-income families in the assessment area of 19.6 percent. The bank's lending to middle-income borrowers, at 21.7 percent was comparable to the 23.8 percent of middle-income families in the assessment area. The bank originated most of its home mortgage

loans to upper-income borrowers (41.3 percent) which was above the demographic (37.9 percent).

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2020 IA Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison				Families by Family Income
		2020				
		Count		Dollar		
		#	%	\$ (000s)	\$ %	%
Totals	Low	12	8.7	791	2.8	18.7
	Moderate	39	28.3	3,780	13.3	19.6
	Middle	30	21.7	3,693	13.0	23.8
	Upper	57	41.3	20,161	70.9	37.9
	Unknown	0	0.0	0	0.0	0.0
	Total	138	100.0	28,425	100.0	100.0
2020 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The bank's lending to businesses with annual revenues of \$1 million or less, is at 100.0 percent, which is higher than the percentage of small businesses operating in the assessment area at 90.2 percent. The bank made 78.6 percent of small business loans in amounts of \$100,000 or less. These loans are considered the most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses in the area.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2020				Total Businesses	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	98	100.0	7,695	100.0	90.2
		Over \$1 Million	0	0.0	0	0.0	8.0
		Unknown	0	0.0	0	0.0	1.8
		Total	98	100.0	7,695	100.0	100.0
	Loan Size	\$100,000 or Less	77	78.6	1,922	25.0	
		\$100,001 - \$250,000	14	14.3	2,250	29.2	
		\$250,001 - \$1 Million	7	7.1	3,522	45.8	
		Total	98	100.0	7,694	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	77	78.6	1,922	25.0	
		\$100,001 - \$250,000	14	14.3	2,250	29.2	
		\$250,001 - \$1 Million	7	7.1	3,522	45.8	
		Total	98	100.0	7,694	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. The bank's lending to farms with annual revenues of \$1 million or less, is at 100.0 percent, which is comparable to the percentage of small farms operating in the assessment area at 99.0 percent. The sample did not reveal any loans to small farms in amounts of \$100,000 or less. However, the bank originated 41.4 and 58.6 percent in amounts of \$100,001 - \$250,000 and \$250,001 - \$500,000.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2020				Total Farms	
		Count Bank		Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Farm	Revenue	\$1 Million or Less	111	100.0	33,449	100.0	99.0
		Over \$1 Million	0	0.0	0	0.0	0.8
		Unknown	0	0.0	0	0.0	0.2
		Total	111	100.0	33,449	100.0	100.0
	Loan Size	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	46	41.4	9,174	27.4	
		\$250,001 - \$500,000	65	58.6	24,275	72.6	
		Total	111	100.0	33,449	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	46	41.4	9,174	27.4	
		\$250,001 - \$500,000	65	58.6	24,275	72.6	
		Total	111	100.0	33,449	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

COMMUNITY DEVELOPMENT TEST

Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments and donations, and community development services activities. This conclusion is supported by the increase in the bank's community development lending that in many cases financed activities intended to help its communities weather the effects of the pandemic.

Qualified investments were limited to charitable contributions generated through the First Citizens Bank Foundation. The funding provided by the bank to the foundation is also considered a qualified investment that has been credited to the institution overall. During this review period all qualified donations from the foundation were made to organizations that serve the bank's Iowa-based communities. Services were also limited in comparison to the previous evaluation. The ability for the bank to provide community development services was significantly curtailed in 2020 due to the impact of the COVID-19 pandemic, which was the only full calendar year in the review period. The COVID-19 pandemic continued to have an impact on the service hours and opportunities in 2021.

Lending

During the current evaluation, which considered 25-months of community development activity dating back to the previous examination, the bank originated 11 qualified loans totaling \$16.3 million towards affordable housing, community service, and revitalization and stabilization. The bank's previous evaluation, which considered 36-months of activity, the bank originated 16 qualified loans totaling \$22.1 million towards affordable housing, and community service. The bank has responded to the community development lending needs identified by the community representatives, particularly with respect to affordable housing as well as revitalizing and stabilizing the community. Overall, there is an increase in qualified dollars compared to the previous evaluation.

Investments

At the previous evaluation the bank qualified one investment during the review period totaling \$1.5 million dollars; this investment was the principal balance of the foundation which is recorded at the institution level for this evaluation, based on its mission to serve both Iowa and Minnesota communities.

Qualified donations funded by the First Citizen's Charitable Foundation during the review period totaled \$451,405 donated to different organizations primarily benefitted organizations that provide community services to support low- and moderate-income individuals and families. This represents an increase since the prior evaluation where the bank submitted donations totaling \$191,809 to 72 organizations over a 36-month period compared to a 25-month period for this review. The donations were funded through the foundation.

Services

First Citizens Bank provided 784 hours of community development services within the Non-MSA IA assessment area. Bank staff provided community development services to 21 unique organizations located in the assessment area. The service hours provided at this evaluation went primarily to organizations that supported affordable housing and community services and are considered responsive to the needs of the community. However, this is a significant decrease from the previous evaluation in which the bank provided 4,272 hours of qualified community development services to 75 different organizations. During the evaluation period, service hours were severely impacted by the COVID-19 pandemic.

Summary of CD Activities										
Evaluation Period: July 23, 2019 – August 23, 2021										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	3	1,520,928	0	0	7	14,695,600	1	50,110	11	16,266,638
Investment ³	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	62	451,405	62	451,405
Services	24	100.5	11	16.5	18	18	58	649	111	784

³ The bank's investment activity was limited to donations funded through its Foundation; the principal balance for the Foundation was credited to the institution overall. During the previous examination, the principle balance was credited to the State of Iowa.

STATE OF MINNESOTA

CRA RATING FOR THE STATE OF MINNESOTA

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The CRA Rating for the state of Minnesota is Satisfactory. The state of Minnesota rating is based on the institution's performance in the Non-MSA MN assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area and reasonable penetration among individuals of different income levels, including low- and moderate- income, and businesses and farms of different sizes. The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, donations, and community development services considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

SCOPE OF EXAMINATION

Full-scope examination procedures were used to evaluate the bank's performance in the Non-MSA MN assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE STATE OF MINNESOTA

The bank's Non-MSA MN assessment area delineates Kanabec County in its entirety, as well as portions of Isanti and Pine Counties. The Non-MSA MN assessment area is comprised of 11 census tracts consisting of five moderate-, and six middle-income census tracts. The bank has one branch with a cash only ATM in Mora, Minnesota, located in Kanabec County. The bank has not opened or closed any branches in the assessment area since the previous evaluation.

Please refer to the individual assessment area summary for details on demographic and economic conditions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATE OF MINNESOTA

LENDING TEST

First Citizens Bank's performance relative to the lending test in Minnesota is satisfactory. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Distribution of lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses and farms of different sizes.

Geographic and Borrower Distribution

The geographic distribution of home mortgage, small business and small farm loans reflects reasonable dispersion throughout the assessment area in the state of Minnesota. In addition, the distribution of lending reflects reasonable penetration among individuals of different income levels including low- and moderate-income, and businesses and farms of different sizes, given the product lines offered by the bank.

COMMUNITY DEVELOPMENT TEST

Lending, Investments, and Services Activities

First Citizens Bank's community development activities are **satisfactory**. The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

NON-MSA MINNESOTA – FULL REVIEW

SCOPE OF EXAMINATION

Full scope examination procedures were used to evaluate the bank's performance in the Non-MSA MN assessment area. The scope is consistent with the scope of the examination described within the institution summary. For further information, refer to the "Scope of Examination" section for details.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-METROPOLITAN MINNESOTA

The bank's Non-MSA MN assessment area delineates Kanabec County in its entirety, as well as portions of Isanti and Pine Counties. The assessment area is comprised of eleven census tracts, including five moderate-income census tracts, and six middle-income census tracts. The FFIEC designates three census tracts in Kanabec County as distressed middle-income geographies. The assessment area is unchanged since the previous evaluation. The bank has one branch with a deposit taking ATM in Mora, Minnesota, located in Kanabec County. There were no branch offices opened or closed since the previous examination.

The June 30, 2020 FDIC Deposit Market Share Report ranks First Citizens Bank first of 13 FDIC-insured depository institutions operating in the bank's assessment area. The bank has 18.8 percent of the market's deposits, which is slightly more than Northview Bank and First Bank & Trust, who maintain the second and third greatest market share, with 15.0 percent and 11.5 percent, respectively. For reference, the 13 total FDIC-insured depository institutions operating in the assessment area maintain a total of 24 branch offices, one of which belong to First Citizens Bank.

Assessment Area: 2020 MN Non MSA									
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	2,979	25.1	
Moderate-income	5	45.5	6,089	51.4	675	11.1	2,755	23.2	
Middle-income	6	54.5	5,764	48.6	418	7.3	2,701	22.8	
Upper-income	0	0.0	0	0.0	0	0.0	3,418	28.8	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	11	100.0	11,853	100.0	1,093	9.2	11,853	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied			Rental		Vacant		
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	11,034	6,814	49.1	61.8	2,963	26.9	1,257	11.4	
Middle-income	10,364	7,061	50.9	68.1	1,232	11.9	2,071	20.0	
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	21,398	13,875	100.0	64.8	4,195	19.6	3,328	15.6	
	Total Businesses by Tract		Businesses by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	1,104	53.3	985	51.9	100	70.4	19	61.3	
Middle-income	968	46.7	914	48.1	42	29.6	12	38.7	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	2,072	100.0	1,899	100.0	142	100.0	31	100.0	
	Percentage of Total Businesses:			91.7			6.9		
	Total Farms by Tract		Farms by Tract & Revenue Size						
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	52	31.7	49	30.8	3	60.0	0	0.0	
Middle-income	112	68.3	110	69.2	2	40.0	0	0.0	
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	164	100.0	159	100.0	5	100.0	0	0.0	
	Percentage of Total Farms:			97.0			3.0		
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS									
Note: Percentages may not add to 100.0 percent due to rounding									

Population Change

The table below presents the population trends for the assessment area, individual counties, and the state of Minnesota from 2010 to 2015. According to the 2015 U.S. Census Bureau, the assessment area's population is 46,658, a minimal increase of 0.1 percent from 2010, while the state of Minnesota experienced an increase of 2.2 percent. Of the individual counties in the assessment area, Isanti County was the only county which experienced an increase in population of 1.3 percent. Additionally, Isanti County is the most populated county within the assessment area, representing 82.0 percent of the total population in 2011-2015. The larger population within Isanti County is attributed to its proximity to Minneapolis than the other two counties. A community representative stated that Kanabec County has experienced a decrease in population due to lack of job opportunities and affordable housing in the county.

Population Change 2010 and 2015			
Area	2010 Population	2011-2015 Population	Percentage Change
Assessment Area	46,619	46,658	0.1
Isanti County	37,816	38,296	1.3
Kanabec County	16,239	16,003	-1.5
Pine County	29,750	29,218	-1.8
State of Minnesota	5,303,925	5,419,171	2.2
Source: 2000—U.S. Census Bureau: Decennial Census 2011-2015—U.S. Census Bureau: American Community Survey			

Income Characteristics

According to the U.S. Census Bureau, the assessment area is comprised of 11,853 families, of which 25.1 percent are designated as low-, 23.2 percent are moderate-, 22.8 percent are middle-, and 28.8 percent are upper-income. Only 9.2 percent of families residing within the assessment area live below the poverty line, slightly above the state of Minnesota poverty rate of 7.3 percent.

The following table compares the MFI for the assessment area and the state of Minnesota. According to the U.S. Census Bureau, MFI in the assessment area increased 1.8 percent from 2010, which is below the state of Minnesota increase of 8.1 percent. At \$57,870 the MFI for the assessment area, fell below the MFI figure for the state of Minnesota at \$77,055. Further, MFI increased in all counties in the assessment area. Among the individual counties, Isanti County maintains the highest MFI at \$71,114, and second largest percentage increase at 6.4 percent.

Kanabec County experienced the greatest increase in MFI at 9.3 percent, while Pine County experienced the smallest percentage increase in MFI at 3.9 percent. A community representative anticipates wages will continue to rise in Kanabec County as many resident's commute to the Minneapolis metropolitan area which has higher paying jobs.

The table below presents MFI changes between 2006-2010 and 2011-2015 in the assessment area and the state of Minnesota.

Median Family Income Change 2010 and 2015			
Area	2006-2010 Median Family Income (In 2010 Dollars)	2011-2015 Median Family Income (In 2015 Dollars)	Percentage Change (%)
Assessment Area	56,822	57,870	1.8
Isanti County, MN	66,806	71,114	6.4
Kanabec County, MN	51,856	56,675	9.3
Pine County, MN	51,504	53,538	3.9
State of Minnesota	71,307	77,055	8.1
Source: 2000 — U.S. Census Bureau: Decennial Census 2006-2010 — U.S. Census Bureau: American Community Survey			

Bankruptcy Characteristics

According to the Administrative Office of the U.S Courts, personal bankruptcy filing rates have increased from 2016 through 2019. Isanti County was the only county to experience a year-to-year decrease from 2016 to 2017, and by 2019 had the highest personal bankruptcy filing at 3.0 per 1,000 population. Pine County generally experienced lower filing rates and were more aligned with those seen in the state of Minnesota, which was 2.2 in 2019 and its lowest in 2016 at 1.7 (per 1,000 population). Comparatively, rates in the state of Minnesota ranged from 1.7 to 1.8 per 1,000 population. Please see the table below for more detail on personal bankruptcy filing rates.

Personal Bankruptcy Filing Rate (per 1,000 population)				
Area	2016	2017	2018	2019
Isanti County	2.9	2.3	3.0	3.0
Kanabec County	2.1	2.8	2.2	2.9
Pine County	1.6	2.1	2.1	2.2
State of Minnesota	1.7	1.7	1.8	1.8
Source: 2015 — Administrative Office of the U.S. Courts				

Housing Characteristics

There are a total of 21,398 housing units in the assessment area. The majority of housing units are owner-occupied at 64.8 percent, while 19.6 percent are rental units. Within the assessment area, 15.6 percent of housing units are vacant, which is above the state of Minnesota vacant units of 10.5 percent.

According to the U.S. Census Bureau, the assessment area had a median housing value of \$142,451 and median gross rent value of \$732. Median housing values in the assessment area decreased 17.3 percent, while median gross rents increased 5.2 percent from 2010. During the same period, the state of Minnesota had a median housing value of \$186,200 and median gross rent value of \$848. The state of Minnesota experienced a decrease in median housing value of 9.7 percent, and an increase in median gross rent of 11.7 percent from 2010.

The median housing values have decreased in all counties throughout the assessment area from 2010 to 2015 and remain lower than the state of Minnesota. A community representative stated there is still a lack of affordable housing for families in the in the area.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio supports more affordable housing opportunities. Based on the U.S. Census Bureau data, the affordability ratio for the assessment area is 0.34, as compared to the state of Minnesota's ratio of 0.33. The ratios indicate that housing in the assessment area is comparable in terms of affordability when compared to the state as a whole. Of the geographies within the bank's assessment area, Isanti County is the most affordable (0.36), while Pine County is the least affordable (0.32).

The following below presents trends in housing costs between 2010 and 2015 in the assessment area and the state of Minnesota.

Trends in Housing Costs 2006-2010 and 2011-2015							
Area	Median Housing Value			Median Gross Rent			Affordability Ratio
	2006-2010 (\$)	2011-2015 (\$)	Percent Change	2006-2010 (\$)	2011-2015 (\$)	Percent Change	2011-2015
Assessment Area	172,147	142,451	-17.3	696	732	5.2	0.34
Isanti County, MN	203,700	164,900	-19.0	802	843	5.1	0.36
Kanabec County, MN	162,800	137,300	-15.7	704	764	8.5	0.35
Pine County, MN	162,400	141,200	-13.1	609	711	16.7	0.32
State of Minnesota	206,200	186,200	-9.7	759	848	11.7	0.33
Source: 2006-2010—U.S. Census Bureau: American Community Survey 2011-2015—U.S. Census Bureau: American Community Survey							

Foreclosure Inventory Rates

The Federal Reserve Bank of Chicago conducted a study on the changes in the foreclosure inventory rate at the county level. The foreclosure inventory rate measures the number of residential properties in some phase of foreclosure. It excludes properties that have completed the foreclosure cycle. Overall, foreclosure inventory rates in the state and assessment area counties have declined since 2010. As of September 2019, the state of Minnesota foreclosure inventory rate was 0.2 percent which is comparable to the foreclosure inventory rates of Isanti, Kanabec, and Pine

counties at 0.3, 0.2 and 0.3 percent, respectively. Ultimately, the lower percentage of properties in the process of foreclosure indicates housing sector improvements within the assessment area and state of Minnesota.

Employment Characteristics

The table below presents the unemployment trends for the counties in the assessment area and the state of Minnesota from 2016 to 2019. Unemployment rates fluctuated across all areas and experienced declines from 2016 to 2019. As of 2019, Kanabec County maintained the highest unemployment rate at 5.9 percent while Isanti County's was the lowest at 4.1 percent. Comparatively, the state of Minnesota showed an unemployment rate of 3.2 percent in 2019. The state of Minnesota maintained an unemployment rate lower than all counties that comprise the assessment area. A community representative stated that unemployment increased in 2020 due to the pandemic but has since returned to pre-pandemic levels.

Unemployment Rates				
Area	2016	2017	2018	2019
Isanti County	4.7%	4.2%	3.7%	4.1%
Kanabec County	6.6%	6.0%	5.5%	5.9%
Pine County	5.9%	5.6%	4.8%	5.5%
State of Minnesota	3.9%	3.4%	2.9%	3.2%
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics (LAUS)				

Community Representatives

Two community representatives were contacted to provide information regarding local economic and demographics conditions. A representative noted the need for employment opportunities and affordable housing within the assessment area counties. A representative also noted, due to the rural nature of the counties, individuals experience barriers to transportation, and a lack transportation options to travel outside of the area. Overall, representatives noted that local financial institutions have been very responsive to the community's credit needs, particularly for Payment Protection Program loans in response to the COVID-19 pandemic.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-MSA MINNESOTA

LENDING TEST

Geographic Distribution of Loans

The geographic distribution of home mortgage and small business loans reflect reasonable dispersion, while small farm loans reflects excellent dispersion throughout the assessment area. A

gap analysis was completed as part of the evaluation. First Citizens Bank's Non-MSA MN assessment area is comprised of 11 census tracts, including five designated as moderate-income and six middle-income census tracts; with 5 census tracts in the assessment area having no loans originated. The bank's assessment area does not consist of any low-income census tracts. Based upon this analysis, there are no conspicuous geographic lending gaps as the census tracts without lending activity were located on the outer edge of the assessment area.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. The sample includes 10 home mortgage loans in the assessment area. The bank's lending performance in the moderate-income census tracts at 40.0 percent by number is lower than the 49.1 percent of owner-occupied units located in these tracts. In comparison, lending in the middle-income census tracts at 60.0 percent by number, was above the demographic figure at 50.9 percent of owner-occupied units. The following table presents the bank's geographic distribution of small business loans in 2020.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2020 MN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				Owner Occupied % of Units
		2020				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	4	40.0	418	13.0	49.1
	Middle	6	60.0	2,806	87.0	50.9
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	10	100.0	3,224	100.0	100.0
2020 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The bank's lending volume in moderate-income census tracts of 38.1 percent is below the percentage of total businesses located in moderate-income census tracts at 53.3 percent. While lending in the moderate-income census tracts was below the percentage of businesses located in moderate-income census tracts it is important to note that four of the moderate-income census tracts are located on the outer edge of the assessment area in Pine and Isanti Counties and are difficult to service without a branch presence. The majority (61.9 percent) of the bank's small

business loans were originated in middle-income tracts, which was significantly above the percentage of total businesses located in those geographies at 46.7 percent.

The following table presents the bank's geographic distribution of small business loans in 2020.

Geographic Distribution of Small Business Loans						
Assessment Area: 2020 MN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2020		Total Businesses
		Count Bank	Dollar Bank			
			#	%	\$ 000s	
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	8	38.1	411	35.1	53.3
	Middle	13	61.9	760	64.9	46.7
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	21	100.0	1,171	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Farm Loans

The bank's geographic distribution of small farm loans reflects excellent dispersion throughout the assessment area. The bank's lending volume in moderate-income census tracts of 66.7 percent is significantly above the percentage of total farms located in moderate-income census tracts at 31.7 percent. The bank originated 33.3 percent of the small farm loans in the middle-income tracts, which was significantly below the percentage of total farms located in those geographies at 68.3 percent.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2020 MN Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
				2020		Total Farms
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	2	66.7	374	64.8	31.7
	Middle	1	33.3	203	35.2	68.3
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	3	100.0	577	100.0	100.0
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Lending to Borrowers of Different Income Levels and to Businesses or Farms of Different Sizes

The bank demonstrates a distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and farms of different sizes that is reasonable, and small business lending reflects an excellent penetration of businesses of different sizes given the demographics of the bank's assessment area.

Home Mortgage Loans

The borrower distribution of home mortgage loans reflects a reasonable penetration among individuals of different income levels. The bank's lending to borrowers of low-income at 10.0 percent by number was significantly below the demographic figure of families by family income at 25.1 percent. The bank's lending to borrowers of moderate-income at 30.0 percent was above the percentage of moderate-income families in the assessment area at 23.2 percent. The bank's lending to middle-income borrowers, at 10.0 percent was significantly below the 22.8 percent of middle-income families in the assessment area. The bank originated a majority its home mortgage loans to upper-income borrowers (50.0 percent) which was significantly above the demographic (28.8 percent).

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2020 MN Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2020				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	1	10.0	52	1.6	25.1
	Moderate	3	30.0	284	8.8	23.2
	Middle	1	10.0	200	6.2	22.8
	Upper	5	50.0	2,688	83.4	28.8
	Unknown	0	0.0	0	0.0	0.0
	Total	10	100.0	3,224	100.0	100.0
2020 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. The bank's lending to businesses with annual revenues of \$1 million or less, at 100.0 percent, is higher than the percentage of small businesses operating in the assessment area at 91.7 percent. The bank originated 85.7 percent of small business loans in amounts of \$100,000 or less, of which are considered the most beneficial to small businesses, indicating the bank's willingness to meet the credit needs of small businesses.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2020 MN Non MSA							
Product Type		Bank & Demographic Comparison					
		2020				Total Businesses	
		Count Bank		Dollar Bank			
#	%	\$ 000s	\$ %	%			
Small Business	Revenue	\$1 Million or Less	21	100.0	1,171	100.0	91.7
		Over \$1 Million	0	0.0	0	0.0	6.9
		Unknown	0	0.0	0	0.0	1.5
		Total	21	100.0	1,171	100.0	100.0
	Loan Size	\$100,000 or Less	18	85.7	781	66.7	
		\$100,001 - \$250,000	3	14.3	390	33.3	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	21	100.0	1,171	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	18	85.7	781	66.7	
		\$100,001 - \$250,000	3	14.3	390	33.3	
		\$250,001 - \$1 Million	0	0.0	0	0.0	
		Total	21	100.0	1,171	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. The bank's lending to farms with annual revenues of \$1 million or less, at 100.0 percent was just above the percentage of small farms operating in the assessment area at 97.0 percent. All three loans originated were in the amounts from \$100,001 – \$250,000.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2020 MN Non MSA							
Product Type		Bank & Demographic Comparison					
		2020				Total Farms	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	3	100.0	577	100.0	97.0
		Over \$1 Million	0	0.0	0	0.0	3.0
		Unknown	0	0.0	0	0.0	0.0
		Total	3	100.0	577	100.0	100.0
	Loan Size	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	3	100.0	577	100.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	3	100.0	577	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0	0	0.0	
		\$100,001 - \$250,000	3	100.0	577	100.0	
		\$250,001 - \$500,000	0	0.0	0	0.0	
		Total	3	100.0	577	100.0	
Originations & Purchases							
2020 FFIEC Census Data & 2020 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

COMMUNITY DEVELOPMENT TEST

Lending, Investment, and Services Activities

The bank demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development service activities. This conclusion is supported primarily by its lending activities which resulted in activities that revitalize and stabilize certain geographies and community services tailored to meet the needs of low- and moderate-income individuals and families. The bank's service activities were limited during this review period; however, the lending and investment activities were sufficiently responsive to support a satisfactory rating.

Lending

During the evaluation period the bank originated a total of 10 community development loans totaling \$11.5 million. Of this amount, the bank originated three loans for revitalization and stabilization for total of \$9.3 million, and seven community service loans totaling \$2.2 million. This reflects a significant increase in dollar volume since the previous evaluation when the bank originated 31 loans totaling \$5.2 million. This is taking into account the 25-month period for this

exam compared to the 36-month period during the last evaluation.

Investments

The bank originated three new investments totaling \$1.5 million, of which \$540,835 is currently funded. The investments are for affordable housing in the assessment area. This represents an increase, as no investments were originated in this assessment area at the previous examination. First Citizens Bank donated to five different organizations totaling \$31,500. These donations primarily benefitted organizations that provide community services to support low- and moderate-income individuals and families. This represents an increase since the prior evaluation where the bank submitted one donation totaling \$50 over a 36-month period compared to 25-month period for this review.

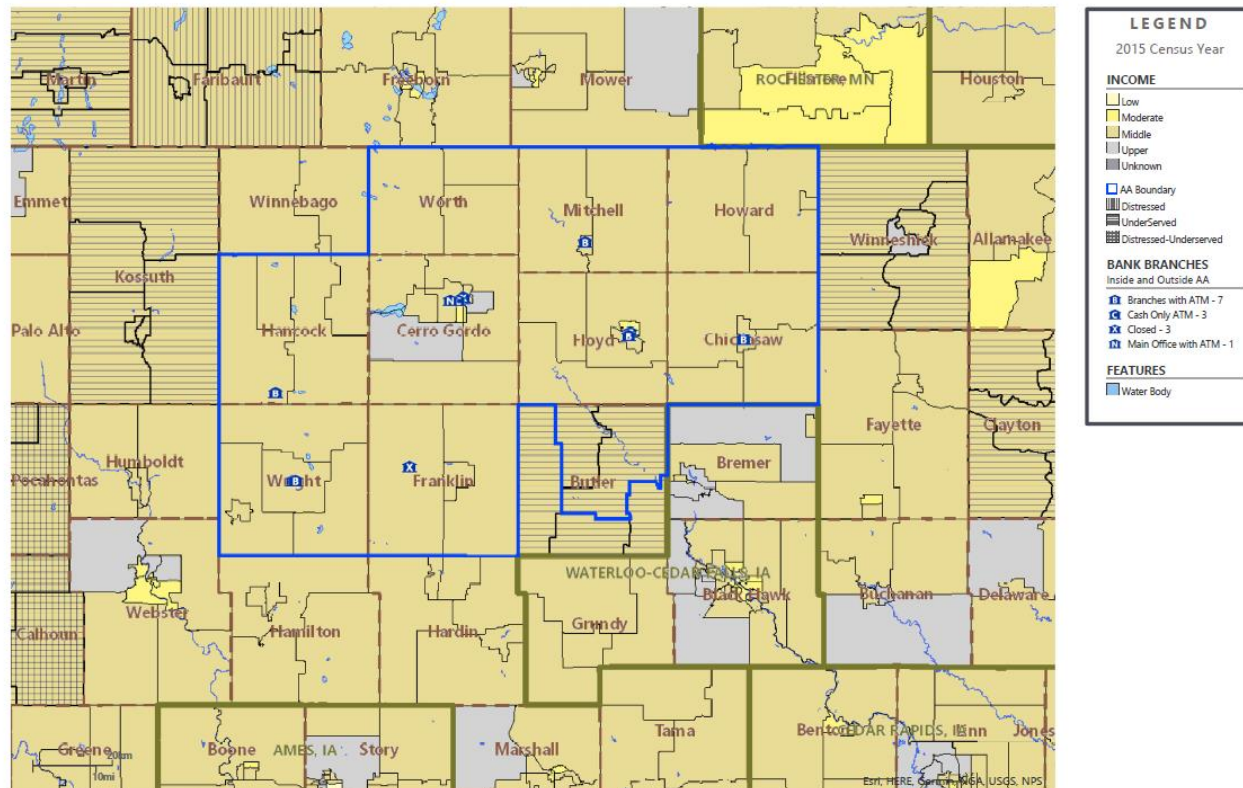
Services

Bank staff provided a total of 106 hours of community development services to nine unique organizations located in the assessment area. Despite a slight decrease since the previous evaluation, FCB provided an adequate level of community development services (195 hours). The service hours provided at this evaluation were to organizations considered particularly responsive to the needs of the community.

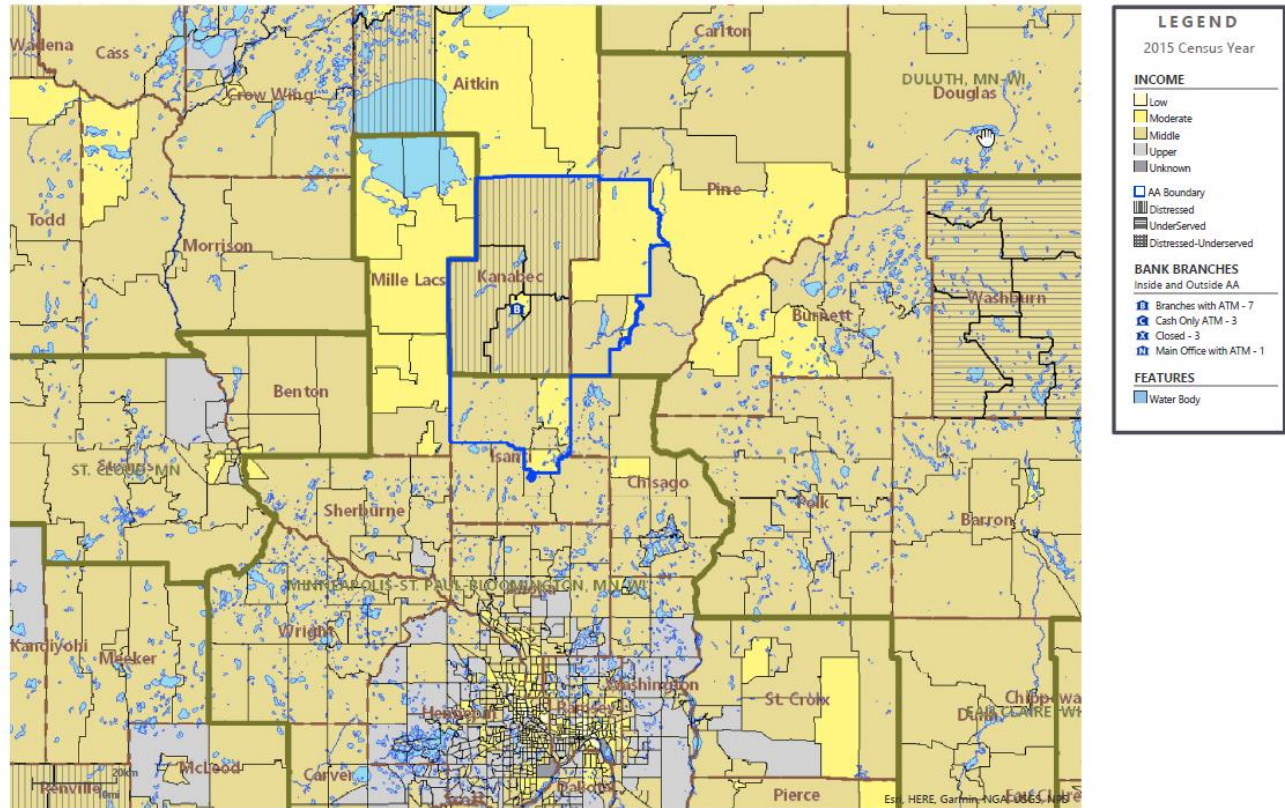
Summary of CD Activities										
Review Period: July 23, 2019 – August 23, 2020										
Type of Activity	Affordable Housing		Economic Development		Activities that Revitalize/Stabilize		Community Services		Totals	
	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours	#	\$/Hours
Lending	0	0	0	0	3	9,344,300	7	2,173,185	10	11,517,485
Investment	3	1,500,000	0	0	0	0	0	0	3	1,500,000
Donations	0	0	0	0	0	0	6	31,500	6	31,500
Services	0	0	2	2	0	0	41	104	43	106

APPENDIX A – Maps of the Assessment Areas

First Citizens Bank 186744
IA Non MSA



First Citizens Bank 186744
MN Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED	Home mortgage loans originated from January 1, 2020 to December 31, 2020 Small business and small farm loans originated from January 1, 2020 to December 31, 2020 Community development activities from July 23, 2019 to August 23, 2020		
FINANCIAL INSTITUTION First Citizens Bank			PRODUCTS REVIEWED Home Mortgage Loans Small Business Loans Small Farm Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
State of Iowa Non-Metropolitan Iowa	Full scope	None	NA
State of Minnesota Non-Metropolitan Minnesota	Full scope	None	NA

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.⁴

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

⁴ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment, and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office (LPO): This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.322 billion. Intermediate small bank means a small bank with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).